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SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

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ANNUAL AUDITED REPORT  
FORM X-17A-5  
PART III

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FACING PAGE

Information Required of Brokers and Dealers Pursuant to Section 17 of the  
Securities Exchange Act of 1934 and Rule 17a-5 ThereunderREPORT FOR THE PERIOD BEGINNING 01/01/08 AND ENDING 12/31/08  
MM/DD/YY MM/DD/YY

## A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: **Destiny Capital Securities Corp.**

OFFICIAL USE ONLY

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

FIRM I.D. NO.

**14142 Denver West Pkwy. Bldg 51 Ste 290**

(No. and Street)

**Golden****CO****80401**

(City)

(State)

(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT

**Judd Kramer****303-277-9977**

(Area Code - Telephone Number)

## B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report\*

**Spicer Jeffries LLP**

(Name - if individual, state last, first, middle name)

**5251 S Quebec St, Suite 200****Greenwood Village****CO****80111**

(Address)

(City)

(State)

(Zip Code)

CHECK ONE:

- ☒ Certified Public Accountant  
☐ Public Accountant  
☐ Accountant not resident in United States or any of its possessions.

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\*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

SEC 1410 (06-02)

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# DESTINY CAPITAL SECURITIES CORPORATION

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## INDEPENDENT AUDITORS' REPORT

The Board of Directors of  
Destiny Capital Securities Corporation

We have audited the accompanying statement of financial condition of Destiny Capital Securities Corporation as of December 31, 2008, and the related statements of operations, changes in shareholder's equity and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Destiny Capital Securities Corporation as of December 31, 2008, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The information contained in the supplemental schedule listed in the accompanying index is presented for purposes of additional analysis and is not required for a fair presentation of the financial statements, but is supplementary information required by Rule 17a-5 of the Securities and Exchange Commission. Such information has been subjected to the auditing procedures applied in our audit of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

*Spicer Jeffries LLP*

Greenwood Village, Colorado  
February 2, 2009



**DESTINY CAPITAL SECURITIES CORPORATION**

**STATEMENT OF FINANCIAL CONDITION**  
**DECEMBER 31, 2008**

**ASSETS**

Cash and cash equivalents	\$ 112,943
Deposit with clearing broker	25,000
Commissions receivable	72,377
Prepaid expenses	14,221
Other assets	<u>443</u>

***TOTAL ASSETS*** **\$ 224,984**

**LIABILITIES AND SHAREHOLDER'S EQUITY**

**LIABILITIES:**

Accounts payable and accrued expenses	<u>\$ 19,614</u>
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**COMMITMENTS AND CONTINGENCIES (Notes 2 and 4)**

**SHAREHOLDER'S EQUITY (Note 3):**

Common stock, no par value; 1,000 shares authorized, issued and outstanding	108,105
Retained earnings	<u>97,265</u>

***Total shareholder's equity*** **205,370**

***TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY*** **\$ 224,984**

The accompanying notes are an integral part of this statement

**DESTINY CAPITAL SECURITIES CORPORATION**

**STATEMENT OF OPERATIONS**  
**YEAR ENDED DECEMBER 31, 2008**

**REVENUE:**

Commissions and fees	\$ 965,883
Fees received from affiliate (Note 2)	559,776
Other	<u>2,927</u>

***Total revenue*** 1,528,586

**EXPENSES:**

Commissions, salaries and related expenses	961,396
Clearing costs	126,610
Fees paid to affiliate (Note 2)	125,854
Insurance	78,166
General and administrative	42,916
Regulatory, compliance and registration fees	<u>18,374</u>

***Total expenses*** 1,353,316

**NET INCOME** \$ 175,270

The accompanying notes are an integral part of this statement

**DESTINY CAPITAL SECURITIES CORPORATION**  
**STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY**  
**YEAR ENDED DECEMBER 31, 2008**

	<u>Common Stock</u> <u>Shares</u>	<u>Amount</u>	<u>Retained</u> <u>Earnings</u>	<u>Total</u> <u>Shareholder's</u> <u>Equity</u>
<b>BALANCES, December 31, 2007</b>	1,000	\$ 108,105	\$ 81,867	\$ 189,972
Capital distributions	-	-	(159,872)	(159,872)
Net income	-	-	175,270	175,270
<b>BALANCES, December 31, 2008</b>	<u>1,000</u>	<u>\$ 108,105</u>	<u>\$ 97,265</u>	<u>\$ 205,370</u>

The accompanying notes are an integral part of this statement

**DESTINY CAPITAL SECURITIES CORPORATION**

**STATEMENT OF CASH FLOWS**  
**YEAR ENDED DECEMBER 31, 2008**

**CASH FLOWS FROM OPERATING ACTIVITIES:**

Net income	\$ 175,270
Adjustments to reconcile net income to net cash provided by operating activities:	
Increase in commissions	(50,297)
Increase in other assets	(443)
Decrease in prepaid expenses	1,366
Increase in accounts payable and accrued expenses	<u>4,574</u>

*Net cash provided by operating activities* 130,470

**CASH FLOWS USED IN FINANCING ACTIVITIES:**

Capital distributions	<u>(159,872)</u>
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**NET DECREASE IN CASH AND CASH EQUIVALENTS** (29,402)

**CASH AND CASH EQUIVALENTS, at beginning of year** 142,345

**CASH AND CASH EQUIVALENTS, at end of year** **\$ 112,943**

The accompanying notes are an integral part of this statement

# DESTINY CAPITAL SECURITIES CORPORATION

## NOTES TO FINANCIAL STATEMENTS

### **NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### **Organization and Business**

Destiny Capital Securities Corporation (the "Company") was incorporated in Colorado on September 28, 2000 and is a securities broker-dealer registered with the Securities and Exchange Commission. The Company is a wholly-owned subsidiary of Destiny Capital Holdings, Inc.

#### **Clearing Agreement**

The Company, under Rule 15c3-3(k)(2)(ii), is exempt from the reserve and possession or control requirements of Rule 15c3-3 of the Securities and Exchange Commission. The Company does not carry or clear customer accounts. Accordingly, all customer transactions are executed and cleared on behalf of the Company by its clearing broker on a fully disclosed basis. The Company's agreement with its clearing broker provides that as clearing broker, that firm will make and keep such records of the transactions effected and cleared in the customer accounts as are customarily made and kept by a clearing broker pursuant to the requirements of Rules 17a-3 and 17a-4 of the Securities and Exchange Act of 1934, as amended (the "Act"). It also performs all services customarily incident thereto, including the preparation and distribution of customer's confirmations and statements and maintenance margin requirements under the Act and the rules of the Self Regulatory Organizations of which the Company is a member.

#### **Revenue Recognition**

The Company records securities transactions and related revenue and expense on a trade date basis.

#### **Statement of Cash Flows**

For purposes of the statement of cash flows, the Company considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

#### **Income Taxes**

The Company is recognized as an S-Corporation by the Internal Revenue Service, therefore the Company's shareholder is liable for federal and state income taxes on the Company's taxable income.

#### **Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.



# **DESTINY CAPITAL SECURITIES CORPORATION**

## **NOTES TO FINANCIAL STATEMENTS**

### ***NOTE 2 - OPERATING AGREEMENT AND RELATED PARTY TRANSACTIONS***

The Company has an operating agreement (the "Agreement") with an affiliated company, Destiny Capital Corporation ("DCC"). Under the Agreement, the Company pays DCC a monthly amount based on activity and net income to cover expenses paid by DCC, such as office space, equipment, telephone and other operational services. DCC utilizes the services of the Company's employees and pays a monthly amount based on activity and net income to cover its portion of the payroll related costs. During the year ended December 31, 2008 the Company paid DCC \$125,854 and received \$559,776 from DCC in connection with the Agreement. Actual expenses are reviewed on an annual basis to determine if the cost allocations are accurate.

### ***NOTE 3 - NET CAPITAL REQUIREMENTS***

Pursuant to the net capital provisions of Rule 15c3-1 of the Securities Exchange Act of 1934, the Company is required to maintain a minimum net capital, as defined under such provisions. At December 31, 2008, the Company had net capital and net capital requirements of \$118,329 and \$5,000, respectively. The Company's net capital ratio (aggregate indebtedness to net capital) was .17 to 1. According to Rule 15c3-1, the Company's net capital ratio shall not exceed 15 to 1.

### ***NOTE 4 - FINANCIAL INSTRUMENTS WITH OFF-BALANCE SHEET RISK AND CONTINGENCIES***

In the normal course of business, the Company's client activities through its clearing broker involve the execution, settlement and financing of various securities transactions. These activities may expose the Company to off-balance sheet risk. In the event the client fails to satisfy its obligations, the Company may be required to purchase or sell financial instruments at prevailing market prices in order to fulfill the client's obligations.

The Company bears the risk of financial failure by its clearing broker. If the clearing broker should cease doing business, the Company's deposit and receivables from this clearing broker could be subject to forfeiture. In addition, during the year the Company may have deposits in banks in excess of the federally insured amount of \$250,000. As of December 31, 2008, the Company did not have any funds in excess of this amount.

The Company's financial instruments, including cash, receivables, prepaid expenses and accounts payable are carried at amounts that approximate fair value due to their short-term nature.

**SUPPLEMENTAL INFORMATION**

**DESTINY CAPITAL SECURITIES CORPORATION**  
**COMPUTATION OF NET CAPITAL**  
**PURSUANT TO UNIFORM NET CAPITAL RULE 15c3-1**  
**DECEMBER 31, 2008**

**CREDIT:**

Shareholder's equity	\$ 205,370
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**DEBITS:**

Nonallowable assets:

Commissions receivable	72,377
Prepaid expenses	14,221
Other assets	443

<i>Total debits</i>	<u>87,041</u>
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<b>NET CAPITAL</b>	118,329
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Minimum requirements of 6-2/3% of aggregate indebtedness of  
\$19,614 or \$5,000, whichever is greater

5,000

<i>Excess net capital</i>	<u><u>\$ 113,329</u></u>
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**AGGREGATE INDEBTEDNESS:**

Accounts payable and accrued expenses	<u><u>\$ 19,614</u></u>
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<b>RATIO OF AGGREGATE INDEBTEDNESS TO NET CAPITAL</b>	<u><u>.17 to 1</u></u>
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NOTE: There are no material differences between the above computation of net capital and the corresponding computation submitted by the Company with the unaudited Form X-17A-5 as of December 31, 2008.



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## **INDEPENDENT AUDITORS' REPORT ON INTERNAL ACCOUNTING CONTROL REQUIRED BY SEC RULE 17a-5**

The Board of Directors of  
Destiny Capital Securities Corporation

In planning and performing our audit of the financial statements and supplementary information of Destiny Capital Securities Corporation (the "Company") as of and for the year ended December 31, 2008, in accordance with auditing standards generally accepted in the United States of America, we considered the Company's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we do not express an opinion on the effectiveness of the Company's internal control.

Also, as required by Rule 17a-5(g)(1) of the Securities and Exchange Commission (SEC), we have made a study of the practices and procedures followed by the Company including consideration of control activities for safeguarding securities. This study included tests of such practices and procedures that we considered relevant to the objectives stated in Rule 17a-5(g) in making the periodic computations of aggregate indebtedness and net capital under Rule 17a-3(a)(11) and for determining compliance with the exemptive provisions of Rule 15c3-3. We did not review the practices and procedures followed by the Company in making the quarterly securities examinations, counts, verifications and comparisons, and the recordation of differences required by Rule 17a-13 or complying with the requirements for prompt payment for securities under section 8 of Federal Reserve Regulation T of the Board of Governors of the Federal Reserve System, because the Company does not carry security accounts for customers or perform custodial functions relating to customer securities.

The management of the Company is responsible for establishing and maintaining internal control and the practices and procedures referred to in the preceding paragraph. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures and of the practices and procedures referred to in the preceding paragraph and to assess whether those practices and procedures can be expected to achieve the SEC's above-mentioned objectives. Two of the objectives of internal control and the practices and procedures are to provide management with reasonable, but not absolute assurance that assets for which the Company has responsibility are safeguarded against loss from unauthorized use or disposition and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in conformity with generally accepted accounting principles. Rule 17a-5(g) lists additional objectives of the practices and procedures listed in the preceding paragraph.

Because of inherent limitations in internal control and the practices and procedures referred to above, errors or fraud may occur and not be detected. Also, projection of any evaluation of them to future periods is subject to the risk that they may become inadequate because of changes in conditions or that the effectiveness of their design and operation may deteriorate. This report recognizes that it is not practicable in an organization the size of the Company to achieve all the divisions of duties and cross-checks generally included in a system of internal accounting control and that alternatively greater reliance must be placed on surveillance by management.

A *control deficiency* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control was for the limited purpose described in the first and second paragraphs and would not necessarily identify all deficiencies in internal control that might be material weaknesses. We did not identify any deficiencies in internal control and control activities for safeguarding securities that we consider to be material weaknesses, as defined above.

We understand that practices and procedures that accomplish the objectives referred to in the second paragraph of this report are considered by the SEC to be adequate for its purposes in accordance with the Securities Exchange Act of 1934 and related regulations, and that practices and procedures that do not accomplish such objectives in all material respects indicate a material inadequacy for such purposes. Based on this understanding and on our study, we believe that the Company's practices and procedures as described in the second paragraph of this report, were adequate at December 31, 2008, to meet the SEC's objectives.

In addition, our review indicated that the Company was in compliance with the conditions of exemption from Rule 15c3-3 pursuant to paragraph k(2)(ii) as of December 31, 2008, and no facts came to our attention to indicate that such conditions had not been complied with during the year.

This report is intended solely for the information and use of the Board of Directors, management, the SEC, the Financial Industry Regulatory Authority, Inc., and other regulatory agencies that rely on Rule 17a-5(g) under the Securities Exchange Act of 1934 in their regulation of registered brokers and dealers, and is not intended to be and should not be used by anyone other than these specified parties.



Greenwood Village, Colorado  
February 2, 2009

**END**